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**MTD ACPI ENGINEERING BERHAD  
RISK MANAGEMENT COMMITTEE  
TERMS OF REFERENCE**

## **INTRODUCTION**

The Risk Management Committee (“RMC”) is established as a committee of MTD ACPI Engineering Berhad (“MTD ACPI” or “Company”) Board of Directors (“Board”). The RMC is appointed by the Board for the purpose of overseeing the risk management framework and policies within MTD ACPI and its subsidiaries (“Group”). This Terms of Reference governs the processes of the RMC and outlines the procedures and guidelines in relation to its risk governance role.

## **1. CONSTITUTION**

The Board had established a committee known as the RMC with the following Terms of Reference.

## **2. COMPOSITION**

- a) The RMC members shall be appointed by the Board from amongst the Board members.
- b) The RMC shall comprise of at least three (3) members, all of whom shall be Independent Directors.
- c) The Chairman of the RMC shall be appointed by the Board.
- d) Upon retirement or resignation from the Board, the RMC member shall cease to be part of the RMC.
- e) The composition, performance and effectiveness of the RMC and each of the RMC member shall be reviewed annually.
- f) The term of office of each RMC member shall be reviewed every three (3) years by the Board.

## **3. MEETING/ MODE OF MEETING**

- a) The RMC shall meet at least two (2) times during the financial year. The RMC meetings can be conducted at more frequent intervals as considered necessary by the RMC.
- b) In the absence of the Chairman, the RMC members may elect from amongst themselves the chairman for the meeting.

#### **4. NOTICE & AGENDA**

- a) The Secretary of the RMC shall issue and circulate the notice of RMC meetings confirming the venue, time and date at least seven (7) days before each meeting, to the RMC members and all those who are required to attend the meeting.
- b) The agenda for each meeting including relevant documents and information shall be circulated at least seven (7) days before each meeting to the RMC members and all those who are required to attend the meeting.
- c) The RMC meeting agendas shall be the responsibility of the Chairman with input from the RMC members and the Head of Group Strategic Planning and Investment Department.
- d) The Chairman may also invite key management personnel to attend RMC meetings, if necessary, to provide clarification on the matters to be discussed.
- e) The Head of Group Strategic Planning and Investment Department shall attend all RMC meetings as a permanent invitee.

#### **5. QUORUM**

A quorum for the meetings shall be at least two (2) of the RMC members.

#### **6. VOTING / DECISION**

- a) All resolutions of the RMC shall be adopted by a simple majority vote, each RMC member shall have one (1) vote.
- b) The RMC may from time to time and if deemed appropriate, consider, approve and/or recommend relevant matters via “circular resolution in writing” signed by majority of the RMC members.
- c) A “circular resolution in writing” shall be valid and effectual as if it had been passed at the RMC meeting duly convened and it may consist of several supporting documents, each “circular resolution in writing” shall be signed by one or more of the RMC members and shall constitute one (1) document in those terms. The expression "in writing" or "signed" includes approval by legible transmission such as facsimile, telex, cable, telegram or other forms of electronic communications.
- d) The RMC members are required to disclose their interest, and abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

#### **7. SECRETARY**

The Secretary of the RMC shall be the Company Secretary of the Company. The key responsibilities of the Secretary are as follows:

- a) On the requisition of the RMC members, summon a RMC meeting.
- b) Assist the RMC in organising and/or conducting the RMC meeting.
- c) Issue the notice of meeting and agendas in consultation with the Chairman and circulate it to the RMC members or those who are required to attend the RMC meeting with the relevant supporting papers / reports.
- d) Ensure that all decisions made by the RMC are properly recorded, minuted and kept in the minutes book, both for the Company's own records and for the purpose of meeting statutory obligations, as well as obligations arising from the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") or any other regulatory requirements, if required.
- e) Ensure that all RMC's recommendations which are presented to the Board are supported by papers / reports to explain the rationale for the RMC's recommendations.

## **8. AUTHORITY**

The RMC, in accordance with a procedure determined by the Board is authorised to conduct any activity within its authority as follows:

- a) Have direct communication channels with both the external and internal auditors as well as employees of the Group;
- b) Have full and unrestricted access to any information pertaining to the Company or the Group;
- c) Obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise to the RMC meeting, if it deems necessary;
- d) Be able to convene meetings with the external auditors, internal auditors or both, if necessary; and
- e) Be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurs.

The RMC is not authorised to implement its recommendations on behalf of the Board but shall make recommendations to the Board on risk related matters for its consideration and implementation.

## **9. DUTIES & RESPONSIBILITIES**

The RMC is supported by the Group Strategic Planning and Investment Department of the Company. The main duties and responsibilities of RMC are as stated below:

- a) Create and/or recommend risk strategy (policy), framework and/or procedure aligned with the Group's strategic business objectives;
- b) Perform risk oversight and review risk profiles of the Group and organizational performance;

- c) Identification of enterprise risk which could impact the Group’s business objectives; and
- d) Communicate/highlight to the Board of the risk profiles affecting the Group’s business and operations to enable the Board and the Management to focus on the risks and to recommend and/or implement risk action plans to mitigate the risks.

## **10. REPORTING TO THE BOARD**

The RMC shall table a report to the Board following each RMC meeting. The report will cover matters as set out in Section 9 of this Terms of Reference.

## **11. REVIEW**

- a) This Terms of Reference shall be reviewed as and when required by the RMC and recommendation be made to the Board for approval.
- b) This Terms of Reference is guided by the Malaysian Code on Corporate Governance 2017, Listing Requirements and other regulatory requirements (collectively “Requirements”) and shall be updated when there are changes in the Requirements or changes in the directions or strategies of the Group that may affect the RMC’s role.

## **12. APPROVAL AND ADOPTED**

This Terms of Reference was approved and adopted by the Board on 1<sup>st</sup> February 2019 based on the recommendation of the RMC and shall be made available on MTD ACPI’s website.

**ENDORSED FOR AND ON BEHALF OF THE BOARD,**

**DATO’ IR. KALID BIN ALIAS**  
**CHAIRMAN**  
**MTD ACPI ENGINEERING BERHAD**  
Date: 1<sup>st</sup> February 2019